

Message Text

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70

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00 PM-03 H-02 L-02

NSC-05 PA-01 PRS-01 SS-15 STR-04 CEA-01 /087 W

----- 082785

R 091942Z MAY 75

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 3224

INFO AMEMBASSY CARACAS

AMEMBASSY LIMA

C O N F I D E N T I A L SANTIAGO 3218

EO 11652: GDS

TAGS: EFIN, CI, VE

SUBJECT: REPORTED VENEZUELAN LOAN OFFER TO CHILE

1. RESPONSIBLE MID-LEVEL GOC OFFICIAL TOLD DCM MAY 7 HE UNABLE UNDERSTAND WHY GOC DELAYING ACCEPTANCE GOV OFFER OF SUBSTANTIAL LOAN TO BE SECURED BY CHILEAN COPPER.
2. ACCORDING TO OUR SOURCE COPPER STOCK TO SECURE LOAN WOULD BE VALUED AT AN AGREED PRICE PER POUND AND GOV PROPOSAL ENVISAGES GOV PARTICIPATION IN PROFIT REALIZED IF MARKET PRICE OF COPPER IS ABOVE THAT FIGURE AT TIME COPPER STOCK SOLD TO SATISFY LOAN.
3. SOURCE INSISTS LOAN OFFER IS FREE OF POLITICAL STRINGS SAVE FOR VENEZUELAN DETERMINATION TO PROCEED PARI PASSU ON SUCH ARRANGEMENTS WITH BOTH PERU AND CHILE. HE STATES VENEZUELA MOTIVATED BY GENERAL DESIRE OPEC MEMBERS USE OIL RESOURCES TO CONTROL OTHER IMPORTANT COMMODITIES.
4. COMMENT. THIS IS FIRST REPORT WE HAVE HAD OF FIRM GOV LOAN OFFER.

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5. THIS SCHEME, AS DESCRIBED, IS REMINISCENT OF FRUITLESS

CHILEAN PROPOSAL TO IRAN LAST FEBRUARY (SANTIAGO 935 NOTAL)
TO SET ASIDE 100,000 MT OF REFINED COPPER AS GUARANTEE FOR
\$220 MILLION IRANIAN LOAN.

6. GENERALLY POOR STATE OF VENEZUELAN/CHILEAN RELATIONS
PROMPTS US TO DOUBT THAT GOV WOULD BE KEEN TO COME TO
ASSISTANCE OF GOC. ON THE OTHER HAND, AT TIME OF ASST
SECRETARY ROGERS' VISIT HERE IN MARCH, FOREIGN MINISTER
TOLD US GOC HAD RECEIVED VENEZUELAN OFFER, THROUGH INTER-
MEDIARIES, OF PETROLEUM ON SPECIAL TERMS NOW BEING GIVEN
CENTRAL AMERICA. GOC HAD REJECTED OFFER BECAUSE OF FEAR
OF POLITICAL STRINGS.

7. IF GOV OFFER IS A REALITY WE WOULD CERTAINLY EXPECT
POLITICAL PRICE TAG TO BE ATTACHED. AT MINIMUM WE WOULD
THINK GOV WOULD EXPECT GOC SUPPORT FOR SELA.
POPPER

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NNN

Message Attributes

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Margaret P. Grafeld
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EO Systematic Review
05 JUL 2006

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